

Retiree Drug Subsidy (RDS) Program

Follow-up Conference Call
Interim Payment Process
March 16, 2006



Interim Cost Reporting Topics

- Determining Part D drug cost eligibility
- Reporting Estimated Cost Adjustments
- Reporting Percentage of Premiums
- Reporting 2005 Cost for Threshold and Limit Reductions
- Revising Cost Data
- Using Vendors for Cost Reporting
- Choosing State versus Federal Privacy Laws
- Completing Authorized Representative Verification Form

Eligible RDS Subsidy Costs

- Drug costs that are *incurred* (filled) during the Subsidy Period.
- Drug costs that are paid.
- Drug costs that are covered under Part D as defined in 42 C.F.R. 423.100.

Drugs included and excluded from Part D

- By law, a Part D drug is any drug available only by prescription, approved by the Food and Drug Administration (FDA), used and sold in the United States, and used for a medically accepted indication.
- Certain drugs or classes of drugs cannot be Part D drugs because they are excluded by law.
- In addition, a drug cannot be covered under Part D if payment for that drug, as it is prescribed and dispensed or administered to an individual, is available under Parts A or B of Medicare. Sponsors needing additional information about categories of drugs that may be characterized as either Part B or Part D can find this information on the CSM Web Site.

Determining Part D drug cost eligibility

- New Formulary Reference NDC File released 3/1/2006.
- The Formulary Reference NDC File contains a list of drugs that may be included on Part D formularies.
- Each row in the list represents a single drug characterized by a proxy NDC code, brand name, generic name, dosage form and strength.
- See Resource Reminder page at end of this presentation for CMS Web Site address to find this information.

Estimated Cost Adjustment

- Estimate of the expected rebates and other price concessions attributable to the gross retiree cost during the year between the threshold amount and the limit reduction amount.
- May allocate rebates using a methodology that determines rebates received under the plan as % of incurred drug costs, and apply that % to the gross retiree costs between the threshold reduction and limit reduction.
- This number will be reported for the Gross Eligible.

Estimated Premium (EP) Cost Reporting

- Portion of premium costs paid by the sponsor and by the qualifying covered retiree that is associated with the gross retiree costs between the cost threshold and the cost limit for prescription drug coverage.

Estimated Premium (EP) Cost Reporting

- Option for fully-insured plans
- Percentage of premium cost reporting data elements provided by Sponsor:
 1. Premium costs
 2. Estimated Cost Adjustment (may either be reported separately, or reflected in premium cost estimate)

Month†	Estimated Premium (EP)*	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE) †	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Month	0	N/A	N/A	N/A	0	0	0	0

*Data provided by Sponsor

†Data calculated by RDS Center

Estimated Premium (EP) Cost Reporting Example

- The insurer determines that the total EP cost for Plan Sponsor for January is \$600.
- Further, in determining the Estimated Cost Adjustment (ECA), the Plan Sponsor uses a methodology that allocates rebates as a percentage of incurred drug costs for each qualifying covered retiree between the cost threshold and the cost limit. Under that methodology, the Plan Sponsor determines the ECA to be 3 percent.
- The rebate was not factored into the premiums in this example.

Estimated Premium (EP) Cost Reporting Example

- In this example, \$600 should be entered in the EP column for January. The ECA amount for January is \$18 ($\$600 \times 3\%$). If the \$18 is entered in the ECA column, then the Allowable Retiree Cost for January is \$582 ($\$600.00 - \$18.00 = \582.00).

Month†	Estimated Premium (EP)*	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Jan	600	N/A	N/A	N/A	600	18	582	162.96

*Data provided by Sponsor

†Data calculated by RDS Center

Reporting 2005 Drug Costs

- The retiree was Medicare eligible as of 1/1/2006 and was enrolled in the plan in 2005.
- The retiree did not have to be Medicare-eligible before 1/1/2006 in order to count the 2005 costs; however, if the retiree became Medicare-eligible effective 1/2/2006 or thereafter, the costs only start incurring toward the threshold at the point of Medicare eligibility.

Reporting 2005 Drug Costs

- Only costs incurred while the retiree is not in current employment status with the RDS sponsor/employer can be counted toward the Threshold Reduction.
- Only costs incurred for Part D drugs can be counted.
- The 2005 Part D drug costs of a qualifying covered retiree are also counted against the Limit Reduction. Accordingly, if a retiree incurs \$5,000 in Part D drug costs in 2005, the retiree is *not eligible* to be counted for the subsidy in 2006. However, continue to include costs for this retiree throughout the plan year.

Reporting 2005 Drug Costs Example

Plan year that begins April 1, 2005 and ends in March 31, 2006. There are seven qualifying covered retirees that are eligible for the subsidy:

- Bill Brown, incurred costs of \$250 in June 2005, \$380 in July 2005, \$630 in August 2005 and \$320.30 in January 2006.
- John Jakes, incurred costs of \$140.12 in July 2005 and \$150.10 in November 2005.
- Tina Clark, incurred costs of \$270.10 in April 2005 and \$201.50 in May 2005.
- Tim Jones, incurred costs of \$4500 in December 2005 and \$600 in January 2006.
- Ana Smith (*will not be eligible for subsidy in 2006*), incurred costs of \$6000 in December 2005 and \$300 in January 2006.
- Sam Adams, incurred costs of \$200 in December 2005 and \$800 in January 2006.
- Debra Berry, incurred costs of \$350 in December 2005 and \$5000 in January 2006.

Reporting 2005 Drug Costs Example

Plan year that begins April 1, 2005 and ends in March 31, 2006.

	A	B	C	D	E	F	G
1	MEMBER	NDC_CODE	FILLED_DATE	PAID_DATE	PLAN_PD	OOP	GROSS
2	Ana Smith	EX555083202	12/2/2005	12/6/2005	\$5,990.00	10	\$6,000.00
3	Ana Smith	EX557546207	1/12/2006	1/13/2006	\$290.00	10	\$300.00
4	Bill Brown	EX555083202	6/2/2005	6/6/2005	\$240.00	10	\$250.00
5	Bill Brown	EX555083654	7/2/2005	7/6/2005	\$370.00	10	\$380.00
6	Bill Brown	EX555083654	8/2/2005	8/6/2005	\$370.00	10	\$380.00
7	Bill Brown	EX555056201	8/10/2005	8/12/2005	\$240.00	10	\$250.00
8	Bill Brown	EX555056202	1/11/2006	1/10/2006	\$310.30	10	\$320.30
9	Debra Berry	EX555083202	12/2/2005	12/6/2005	\$340.00	10	\$350.00
10	Debra Berry	EX654456213	1/14/2006	1/14/2006	\$4,990.00	10	\$5,000.00
11	John Jakes	EX665443823	7/2/2005	7/3/2005	\$130.12	10	\$140.12
12	John Jakes	EX665443824	11/5/2005	11/7/2005	\$150.10	10	\$160.10
13	Sam Adams	EX555083202	12/2/2005	12/6/2005	\$190.00	10	\$200.00
14	Sam Adams	EX654827733	1/21/2006	1/24/2006	\$790.00	10	\$800.00
15	Sam Adams	EX654456214	2/15/2006	2/15/2006	\$1,230.33	10	\$1,240.33
16	Tim Jones	EX555083321	12/2/2005	12/6/2005	\$4,490.00	10	\$4,500.00
17	Tim Jones	EX556538202	1/8/2006	1/10/2006	\$590.00	10	\$600.00
18	Tina Clark	EX555083432	4/2/2005	4/6/2005	\$260.10	10	\$270.10
19	Tina Clark	EX575083342	5/5/2005	5/6/2005	\$191.50	10	\$201.50

Reporting 2005 Drug Costs

Example – Bill Brown

MEMBER	FILLED_DATE	PAID_DATE	GROSS
Bill Brown	6/2/2005	6/6/2005	\$250.00
Bill Brown	7/2/2005	7/6/2005	\$380.00
Bill Brown	8/2/2005	8/6/2005	\$380.00
Bill Brown	8/10/2005	8/12/2005	\$250.00
Bill Brown	1/11/2006	1/10/2006	\$320.30

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)*	Threshold Reduction (THR)*	Limit Reduction (LR)*	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	250.00	250.00	0	N/A	N/A	N/A	N/A
Jul-05	N/A	380.00	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	630.00	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jan-06	N/A	320.30	0	0	320.30	9.61	310.69	86.99
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

Reporting 2005 Drug Costs Example – John Jakes

MEMBER	FILLED_DATE	PAID_DATE	GROSS
John Jakes	7/2/2005	7/3/2005	\$140.12
John Jakes	11/5/2005	11/7/2005	\$160.10

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	140.12	140.12	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	160.10	109.88	0	N/A	N/A	N/A	N/A
Dec-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jan-06	N/A	0	0	0	0	0	0	0
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor

†Data calculated by RDS Center

Reporting 2005 Drug Costs

Example – Tina Clark

MEMBER	FILLED_DATE	PAID_DATE	GROSS
Tina Clark	4/2/2005	4/6/2005	\$270.10
Tina Clark	5/5/2005	5/6/2005	\$201.50

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE) †	Estimated Cost Adjustment (ECA) *	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	270.10	250.00	0	N/A	N/A	N/A	N/A
May-05	N/A	201.50	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jan-06	N/A	0	0	0	0	0	0	0
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor †Data calculated by RDS Center

Reporting 2005 Drug Costs

Example – Tim Jones

MEMBER	FILLED_DATE	PAID_DATE	GROSS
Tim Jones	12/2/2005	12/6/2005	\$4,500.00
Tim Jones	1/8/2006	1/10/2006	\$600.00

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE) †	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	4500.00	250.00	0	N/A	N/A	N/A	N/A
Jan-06	N/A	600.00	0	100.00	500.00	15.00	485.00	135.80
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor †Data calculated by RDS Center

Reporting 2005 Drug Costs Example – Ana Smith

MEMBER	FILLED_DATE	PAID_DATE	GROSS
Ana Smith	12/2/2005	12/6/2005	\$6,000.00
Ana Smith	1/12/2006	1/13/2006	\$300.00

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	6000.00	250.00	1000.00	N/A	N/A	N/A	N/A
Jan-06	N/A	300.00	0	300.00	0	0	0	0
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor

†Data calculated by RDS Center

Reporting 2005 Drug Costs

Example – Sam Adams

MEMBER	FILLED_DATE	PAID_DATE	GROSS
Sam Adams	12/2/2005	12/6/2005	\$200.00
Sam Adams	1/21/2006	1/24/2006	\$800.00
Sam Adams	2/15/2006	2/15/2006	\$1,240.33

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE) †	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	200.00	200.00	0	N/A	N/A	N/A	N/A
Jan-06	N/A	800.00	50.00	0	750.00	22.50	727.50	203.70
Feb-06	N/A	1240.33	0	0	1240.33	37.21	1203.12	336.87
Mar-06	N/A	0	0	0	0	0	0	0

Reporting 2005 Drug Costs

Example – Debra Berry

MEMBER	FILLED_DATE	PAID_DATE	GROSS
Debra Berry	12/2/2005	12/6/2005	\$350.00
Debra Berry	1/14/2006	1/14/2006	\$5,000.00

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	350.00	250.00	0	N/A	N/A	N/A	N/A
Jan-06	N/A	5000.00	0	350.00	4650.00	139.50	4510.50	1262.94
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor †Data calculated by RDS Center

Reporting 2005 Drug Costs Example - Aggregated

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	270.10	250.00	0	N/A	N/A	N/A	N/A
May-05	N/A	201.50	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	250.00	250.00	0	N/A	N/A	N/A	N/A
Jul-05	N/A	520.12	140.12	0	N/A	N/A	N/A	N/A
Aug-05	N/A	630.00	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	160.10	109.88	0	N/A	N/A	N/A	N/A
Dec-05	N/A	11050.00	950.00	1000.00	N/A	N/A	N/A	N/A
Jan-06	N/A	7020.30	50.00	750.00	6220.30	186.61	6033.69	1689.43
Feb-06	N/A	1240.33	0	0	1240.33	37.21	1203.12	336.87
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor

†Data calculated by RDS Center

Revising Previously Submitted Cost Data

- Cost data will be reported to the RDS Center *by the month it was incurred.*
- You will need to adjust a previously reported cost data for a month if, at a later date, you receive cost data relevant to a month already reported to the RDS Center (i.e., new or adjusted cost data for a month previously reported to the RDS Center).

Revising Cost Data - Original

	A	B	C	D	E	F	G
1	MEMBER	NDC_CODE	FILLED_DATE	PAID_DATE	PLAN_PD	OOP	GROSS
2	Ana Smith	EX555083202	12/2/2005	12/6/2005	\$5,990.00	10	\$6,000.00
3	Ana Smith	EX557546207	1/12/2006	1/13/2006	\$290.00	10	\$300.00
4	Bill Brown	EX555083202	6/2/2005	6/6/2005	\$240.00	10	\$250.00
5	Bill Brown	EX555083654	7/2/2005	7/6/2005	\$370.00	10	\$380.00
6	Bill Brown	EX555083654	8/2/2005	8/6/2005	\$370.00	10	\$380.00
7	Bill Brown	EX555056201	8/10/2005	8/12/2005	\$240.00	10	\$250.00
8	Bill Brown	EX555056202	1/11/2006	1/10/2006	\$310.30	10	\$320.30
9	Debra Berry	EX555083202	12/2/2005	12/6/2005	\$340.00	10	\$350.00
10	Debra Berry	EX654456213	1/14/2006	1/14/2006	\$4,990.00	10	\$5,000.00
11	John Jakes	EX665443823	7/2/2005	7/3/2005	\$130.12	10	\$140.12
12	John Jakes	EX665443824	11/5/2005	11/7/2005	\$150.10	10	\$160.10
13	Sam Adams	EX555083202	12/2/2005	12/6/2005	\$190.00	10	\$200.00
14	Sam Adams	EX654827733	1/21/2006	1/24/2006	\$790.00	10	\$800.00
15	Sam Adams	EX654456214	2/15/2006	2/15/2006	\$1,230.33	10	\$1,240.33
16	Tim Jones	EX555083321	12/2/2005	12/6/2005	\$4,490.00	10	\$4,500.00
17	Tim Jones	EX556538202	1/8/2006	1/10/2006	\$590.00	10	\$600.00
18	Tina Clark	EX555083432	4/2/2005	4/6/2005	\$260.10	10	\$270.10
19	Tina Clark	EX575083342	5/5/2005	5/6/2005	\$191.50	10	\$201.50

Revising Cost Data - Adjusted

	A	B	C	D	E	F	G
1	MEMBER	NDC_CODE	FILLED_DATE	PAID_DATE	PLAN_PD	OOP	GROSS
2	Ana Smith	EX555083202	12/2/2005	12/6/2005	\$5,990.00	10	\$6,000.00
3	Ana Smith	EX557546207	1/12/2006	1/13/2006	\$290.00	10	\$300.00
4	Bill Brown	EX555083202	6/2/2005	6/6/2005	\$240.00	10	\$250.00
5	Bill Brown	EX555083654	7/2/2005	7/6/2005	\$370.00	10	\$380.00
6	Bill Brown	EX555083654	8/2/2005	8/6/2005	\$370.00	10	\$380.00
7	Bill Brown	EX555056201	8/10/2005	8/12/2005	\$240.00	10	\$250.00
8	Bill Brown	EX555056202	1/11/2006	1/10/2006	\$310.30	10	\$320.30
9	Debra Berry	EX555083202	12/2/2005	12/6/2005	\$340.00	10	\$350.00
10	Debra Berry	EX654456213	1/14/2006	1/14/2006	\$4,990.00	10	\$5,000.00
11	John Jakes	EX665443823	7/2/2005	7/3/2005	\$130.12	10	\$140.12
12	John Jakes	EX666666666	9/5/2005	11/7/2005	\$280.00	10	\$290.00
13	John Jakes	EX665443824	11/5/2005	11/7/2005	\$150.10	10	\$160.10
14	John Jakes	EX665443825	3/12/2006	3/15/2006	\$330.45	10	\$340.45
15	Sam Adams	EX555083202	12/2/2005	12/6/2005	\$190.00	10	\$200.00
16	Sam Adams	EX654827733	1/21/2006	1/24/2006	\$790.00	10	\$800.00
17	Sam Adams	EX654456214	2/15/2006	2/15/2006	\$1,230.33	10	\$1,240.33
18	Tim Jones	EX555083321	12/2/2005	12/6/2005	\$4,490.00	10	\$4,500.00
19	Tim Jones	EX556538202	1/8/2006	1/10/2006	\$590.00	10	\$600.00
20	Tina Clark	EX555083432	4/2/2005	4/6/2005	\$260.10	10	\$270.10
21	Tina Clark	EX575083342	5/5/2005	5/6/2005	\$191.50	10	\$201.50

Row 14 is March cost report data

Rows 12 was added after initial cost report for that month

Rows 10 was deleted after initial cost report for that month

Revising Cost Data

Example – John Jakes

11	John Jakes	EX665443823	7/2/2005	7/3/2005	\$130.12	10	\$140.12
12	John Jakes	EX666666666	9/5/2005	11/7/2005	\$280.00	10	\$290.00
13	John Jakes	EX665443824	11/5/2005	11/7/2005	\$150.10	10	\$160.10
14	John Jakes	EX665443825	3/12/2006	3/15/2006	\$330.45	10	\$340.45

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	140.12	140.12	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	290.00	109.88	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	160.10	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jan-06	N/A	0	0	0	0	0	0	0
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	340.45	0	0	340.45	10.21	330.24	92.47

*Data provided by Sponsor †Data calculated by RDS Center

Revising Cost Data

Example – Debra Berry

9	Debra Berry	EX555083202	12/2/2005	12/6/2005	\$340.00	10	\$350.00
10	Debra Berry	EX654456213	1/14/2006	1/14/2006	\$4,990.00	10	\$5,000.00

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	0	0	0	N/A	N/A	N/A	N/A
May-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Jul-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Aug-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	350.00	250.00	0	N/A	N/A	N/A	N/A
Jan-06	N/A	0	0	0	0	0	0	0
Feb-06	N/A	0	0	0	0	0	0	0
Mar-06	N/A	0	0	0	0	0	0	0

*Data provided by Sponsor †Data calculated by RDS Center

Revising Cost Data

Example – Aggregated

Month	Estimated Premium (EP)	Gross Retiree Cost (GRC)	Threshold Reduction (THR)	Limit Reduction (LR)	Gross Eligible (GE)†	Estimated Cost Adjustment (ECA)*	Allowable Retiree Costs (ARC) †	Subsidy Paid (SP) †
Apr-05	N/A	270.10	250.00	0	N/A	N/A	N/A	N/A
May-05	N/A	201.50	0	0	N/A	N/A	N/A	N/A
Jun-05	N/A	250.00	250.00	0	N/A	N/A	N/A	N/A
Jul-05	N/A	520.12	140.12	0	N/A	N/A	N/A	N/A
Aug-05	N/A	630.00	0	0	N/A	N/A	N/A	N/A
Sep-05	N/A	290.00	109.88	0	N/A	N/A	N/A	N/A
Oct-05	N/A	0	0	0	N/A	N/A	N/A	N/A
Nov-05	N/A	160.10	0	0	N/A	N/A	N/A	N/A
Dec-05	N/A	11050	950.00	1000.00	N/A	N/A	N/A	N/A
Jan-06	N/A	2020.30	50.00	400.00	1570.30	47.11	1523.19	426.50
Feb-06	N/A	1240.33	0	0	1240.33	37.21	1203.12	336.87
Mar-06	N/A	340.45	340.45	0	340.45	10.21	330.24	92.47

*Data provided by Sponsor

†Data calculated by RDS Center

Using Vendors for Cost Reporting

- The term “Vendor” refers to a Pharmacy Benefit Manager, Health Plan, or another third party Company that has been contracted by one or multiple Plan Sponsors to report cost(s).
- Vendors will be assigned a Vendor ID by the RDS Center.
- Sponsor may choose to make an individual employed by the Vendor a Designee and report costs via data entry in the RDS Secure Web Site.

Vendors Reporting Mainframe-to-Mainframe

- Vendors may send a single mainframe file with cost data for multiple applications.
- Sponsors will be able to view mainframe-to-mainframe cost report data submitted by their vendor(s) on the RDS Secure Web Site; however, the sponsor will not be able to edit the data using the RDS Secure Web Site. Data may only be revised via mainframe files.
- Sponsor may also choose to make an individual employed by the Vendor a Designee with the ability to view submitted cost data.

Multiple Vendors, One Benefit Option

- Multiple Vendors may report cost data for one benefit option.
- All Vendors reporting for the same benefit option should report using the same methodology (gross cost or estimated premiums).
- Vendor A will not be able to see Vendor B's cost data, or vice versa.

State versus Federal Privacy Laws (HIPAA)

- Sponsors must follow HIPAA State laws if they are more stringent than Federal laws.
- See CMS' web site (cms.hhs.gov) FAQ #5482 for additional information.

Authorized Representative Verification Form

- As a precondition to requesting subsidy payments, all Plan Sponsors must complete and submit to CMS the AR Verification form.
- Authorized Representative Verification form must be submitted for each Plan Sponsor ID, not for every application.
- Because Retiree Drug Subsidy payments are made with Medicare trust fund dollars, the collection of this data ensures that the *RDS* Center makes accurate subsidy payments to legitimate Sponsors and protects tax payer monies as required by law.
- See RDS Program Web Site (rds.cms.hhs.gov) home page for AR Verification Form announcement and template.
- The Authorized Representative Verification form shall be completed by an individual with sufficient position and title to verify the Authorized Representative's identity.

Resource Reminders

- RDS Program Web Site (<http://rds.cms.hhs.gov/>) – 2/8/2006 home page announcement, 1/23/2006 home page announcement, 9/22/2005 announcement archive
- Authorized Representative Verification Form announcement: http://rds.cms.hhs.gov/news/announcements/ar_vetting_letter.htm
- Federal Register notice - <http://a257.g.akamaitech.net/7/257/2422/01jan20051800/edocket.access.gpo.gov/2005/pdf/05-19070.pdf>
- Federal Register supporting documentation - <http://www.cms.hhs.gov/PaperworkReductionActof1995/PRAL/itemdetail.asp?filterType=non&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=CMS053471>

Resource Reminders

- **Details for Release of Formulary Reference NDC File for CY 2007 Formulary Submissions -**
<http://www.cms.hhs.gov/PrescriptionDrugCovContra/HPM/SGH/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=CMS058882>
- **Medicare Part B vs Part D coverage issues -**
<http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/BvsDCoverageIssues.pdf>
- **More Part B vs Part D detail can be found at -**
http://www.cms.hhs.gov/PrescriptionDrugCovGenin/Downloads/PartBandPartDdoc_07.27.05.pdf

RDS Secure Web Site Releases

- **Interim Payment Setup Functionality – April 6, 2006**
- **Interim Cost Reporting and Payment Request Functionality – July 1, 2006**

Thank you.